



Home · News · Sports · Business · Features · Scene · Velocity · Classifieds · Jobs · Cars · Homes · Shopping · Contact

» Home » Business

Saturday, February 5, 2005

State House OKs \$114 million for tobacco growers

Senate gets bill on Phase II money

By Bruce Schreiner
Associated Press

FRANKFORT, Ky. -- Kentucky's House voted yesterday to come up with \$114 million for tobacco growers to replace a final payment from a 1999 tobacco settlement that a judge ruled cigarette companies didn't have to make.

The legislation would use money intended for agricultural diversification to make the so-called Phase II payments to about 163,000 leaf growers and quota holders in Kentucky.

"This is your opportunity to help the farmers back home," said Rep. Tom McKee, D-Cynthiana.

Kentucky farmers had expected about \$124 million in 2004 Phase II payments. That was before a North Carolina judge ruled last year that tobacco companies did not owe the last round of Phase II payments to leaf growers in 14 states because that settlement was superseded by the \$10.1 billion federal tobacco buyout plan.

The Phase II payments were meant to pay growers for expected losses from higher cigarette costs stemming from the Master Settlement Agreement with the states. Under that agreement, tobacco companies made Phase I payments to nearly all states to settle litigation over the states' costs for treating smoking-related illnesses.

Legislators said Kentucky farmers needed the Phase II money to help pay off debts at a time when they are seeking another round of loans for the next planting season.

The bill passed 92-0, although some legislators said they preferred another possible solution: using revenues from a proposed cigarette tax increase to make the Phase II



QUICK TAKE

Last we knew

A judge ruled cigarette companies didn't have to make to replace a final payment from a 1999 tobacco settlement to farmers.

The latest

Kentucky's House voted to make up the difference using money from Phase I funds that the tobacco companies pay to states.

Why it's news

Some farmers had counted on the payments in their budgets.

What's next

The bill goes to the Senate. For more info on House Bill 132, go to www.lrc.state.ky.us.



Subscribe

Click [here](#) to get the latest news delivered to your door.



Sales Marketing

AUTOMOTIVE SALES GREAT
SALES PEOPLE! IMM...

Healthcare

Marketing Representative
for Behavioral ...

Other

PRODUCTION CONTROL
MANAGER General respo...

Sales Marketing

INDEPENDENT TERRITORY
SALES MANAGER Busi...

Sales Marketing

Used Car Specialists Must
be experienced...

payments, an alternative backed by the influential Kentucky Farm Bureau.

The bill goes to the Senate.

The measure would earmark \$27 million from the state's master settlement money used to help farmers find alternatives to tobacco, or ag diversification. The balance would come from the issuance of bonds, with the debt paid by master settlement money.

The Farm Bureau's top leader has said such a funding formula would severely restrict ag diversification. Kentucky is the nation's top burley tobacco producer, but production was cut sharply amid quota cuts in recent years under the now-defunct federal tobacco program.

Rep. Robin Webb, D-Grayson, said it would be wrong to finance Phase II payments with a higher cigarette tax -- a levy she called "regressive and on the wane."

Kentucky law specifies that if the Phase II payments to farmers fall short, the state should make up the difference from the money it gets from the manufacturers in Phase I payments.

The bill contains an emergency clause, which means it would take effect immediately if signed by Gov. Ernie Fletcher. Supporters say that means farmers could get their checks by spring.

Fletcher told reporters he would likely sign the bill if it reaches his desk, but said his preference would be to preserve Phase I money for ag diversification.

^^ [Back to top](#)

Healthcare
FIELD SALES
REPRESENTATIVE MP
TotalCare,...

[All Top Jobs](#)

About Top Jobs



[Home](#) · [News](#) · [Sports](#) · [Business](#) · [Features](#) · [Scene](#) · [Velocity](#) · [Classifieds](#) · [Jobs](#) · [Cars](#) · [Homes](#) · [Shopping](#) · [Contact](#)



Copyright 2004 The Courier-Journal.
Use of this site signifies your agreement to the [Terms of Service](#) (updated 12/18/2003).
Send questions and comments to [The Webmaster](#).